




NAHANNI
MINES LIMITED

EIGHTH
ANNUAL
REPORT
1969



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NAHANNI MINES LIMITED

OFFICERS	J. A. HARQUAIL - - - - - President
	D. M. RIDOUT - - - - - Vice-President
	S. WISEBROT - - - - - Secretary-Treasurer
DIRECTORS	L. A. BEDNARZ - - - - - Toronto
	J. M. EASSON - - - - - Toronto
	J. A. HARQUAIL - - - - - Toronto
	D. M. RIDOUT - - - - - Toronto
	J. F. SHIRRIFF - - - - - Toronto
CONSULTANTS	Precambrian Mining Services Ltd. - - Yellowknife
	Surveymin Limited - - - - - Toronto
AUDITORS	Price Waterhouse & Co. - - - - - Toronto
BANKERS	Royal Bank of Canada - - - - - Toronto
REGISTRAR AND TRANSFER AGENTS	Guaranty Trust Company of Canada 88 University Ave., Toronto

Executive Office: Suite 915, 25 Adelaide St. East, Toronto 1, Ontario

NAHANNI MINES LIMITED

REPORT OF THE DIRECTORS

To the Shareholders:

The directors are pleased to send you this report which also includes audited financial statements for the year ended December 31, 1969.

Last year shareholders were offered the right to purchase one new share for each two shares owned, with the offer expiring on August 11, 1969. During the course of this offering general market conditions became unfavorable. Nevertheless, a total of 208,497 treasury shares was sold for a net consideration of \$83,399.

RANKIN NICKEL SYNDICATE

Nahanni has acquired a one-third interest in 243 claims on the west coast of Hudson Bay, in the Rankin Inlet area of the Northwest Territories. One block of these holdings surrounds the former Rankin nickel-copper mine. It produced 21.3 million pounds of nickel and 5.8 million pounds of copper from 405,753 tons of ore before production was terminated in 1962.

Nahanni and its associates have agreed to pool their claim holdings in the Rankin district with another group of companies which owns 288 claims in the same district. As a result of this merger, Nahanni will acquire about 19% interest in 531 claims (almost 27,000 acres) and will advance this proportion of exploration funds which

should total \$90,000 for 1970. Airborne geophysical surveys, utilizing a helicopter, will begin during the third week of June and will be followed by ground geophysical and geological surveys.

The Rankin groups cover several known showings of nickel and copper. A geological report prepared last September by an independent consulting geologist, who visited the area on behalf of our group, stated that "the potential of locating additional deposits of nickel ore in the Rankin Inlet area are excellent."

ARTILLERY LAKE NICKEL

A program of geophysical and geological surveys was completed over the company's 400-claim group last year. As a result of this work certain of the claims were dropped, however, 120 claims (about 6,000 acres) were retained in one block. The company's consulting engineer on the project has recommended detailed magnetic and electromagnetic ground surveys over two anomalous areas, to be followed by at least 1,500 feet of drilling. The Artillery Lake area is located in the Northwest Territories, about 200 miles east of Yellowknife.

NORTH RIM PROJECT

Nahanni owned a half interest in a 300-square mile prospecting permit in the

Wollaston Lake area of Saskatchewan. A geological survey was completed on this permit in 1969 and it was decided to drop the main permit. The most interesting portion has been retained in the form of a 24-square mile claim block. An attempt was made earlier this year to test the favorable horizon which was expected to be reached by drilling to a vertical depth of about 2,000 feet. Problems developed in the course of drilling this hole and several hundred feet of drill rods were lost. It was finally abandoned at a depth of 1,303 feet, well short of its objective.

* * *

During the balance of this year the directors intend to concentrate the exploration budget on the Rankin Nickel Syndicate holdings.

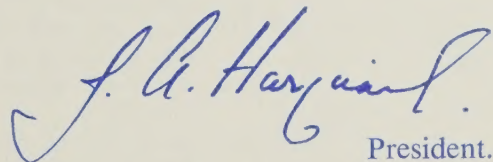
Nahanni continues to hold a half interest in 343,232 acres of oil and gas lands (Prince Charles Syndicate) in the Northwest Territories and these permits are in good legal standing until July 17, 1972. Developments will be followed closely in Prince Charles, the Artillery Lake and North Rim areas to determine if exploration results on adjoining properties have favourable bearing on your company's holdings. The scope of further exploration

on these three projects would then be decided.

Nahanni owns 106,288 shares of Redstone Mines Limited and 16,300 shares of Cumont Mines Limited. Redstone owns base metal prospects and extensive oil and gas holdings in the Northwest Territories, and is a participant in financing the Rankin Nickel Syndicate. Cumont owns about 5,500 acres of mineral lands in the important Copper Mountain district of southern British Columbia.

Management will continue to keep you informed of significant developments.

On behalf of the Board,


President.

Toronto, Ontario,
June 8, 1970.

NAHANNI MINES LIMITED

BALANCE SHEET

ASSETS

	December 31	
	1969	1968
CURRENT ASSETS:		
Cash, including term deposit receipt of \$66,000 in 1969	\$ 71,052	\$ 16,945
Accounts receivable and accrued interest	1,282	1,000
Due from associated company	250	—
	<u>72,584</u>	<u>17,945</u>
Term deposit receipt held by bank to support guarantee of promissory note (Note 4)	9,000	—
Investments (Note 1)	40,679	37,600
Interest in exploration syndicates and projects	29,259	18,157
Deposit on prospecting permit (Note 3)	12,354	12,354
Mineral claims held under prospectors' licences (Note 2)	8,586	2,100
Deferred prospecting and exploration expenses, per statement attached	117,410	89,017
	<u>\$ 289,872</u>	<u>\$ 177,173</u>

LIABILITIES

Accounts payable	\$ 5,670	\$ 5,520
Due to associated company	—	4,596
	<u>5,670</u>	<u>10,116</u>

SHAREHOLDERS' EQUITY:

Capital stock —

Authorized — 5,000,000 shares without par value

Issued and fully paid —

140,500 Shares for the assets of Nahanni Sixty Syndicate (acquired in 1962)	35,125	35,125
628,719 shares for cash (of which 318,497 were issued in 1969)	214,969	93,070
50,000 shares for mineral claims (issued in 1969 — see Note 2)	6,486	—
816,300 shares for the net assets of Point Prospecting Syndicate (acquired in 1966)	74,020	74,020
<u>1,635,519</u>	<u>330,600</u>	<u>202,215</u>

Deficit, per statement attached	(46,398)	(35,158)
	<u>284,202</u>	<u>167,057</u>
	<u>\$ 289,872</u>	<u>\$ 177,173</u>

Approved on behalf of the Board:

J. A. HARQUAIL, Director.

D. M. RIDOUT, Director.

NAHANNI MINES LIMITED

STATEMENT OF INCOME AND DEFICIT

	Year ended December 31	
	1969	1968
INCOME:		
Interest earned	\$ 3,537	\$ 637
EXPENSES:		
Legal and audit fees	1,807	1,196
Accounting and secretarial services	6,000	6,000
Transfer agent and registrars' fees	586	700
Licences, filing and listing fees	505	87
General	6,028	6,106
Advertising and public relations	2,114	1,331
	<u>17,040</u>	<u>15,420</u>
Loss for the year before the undernoted item	13,503	14,783
Gain on sale of securities	2,263	15,636
	<u>11,240</u>	<u>(853)</u>
(Net income) loss for the year	35,158	36,011
Deficit at beginning of year		
Deficit at end of year	<u>\$ 46,398</u>	<u>\$ 35,158</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

	Year ended December 31	
	1969	1968
FUNDS PROVIDED:		
Net income for the year	\$ —	\$ 853
Sales of investments	14,607	28,638
Deduct — Gain on sale of investments included in income	2,263	15,636
	<u>12,344</u>	<u>13,002</u>
Issue of capital stock	128,385	—
	<u>140,729</u>	<u>13,855</u>
FUNDS APPLIED:		
Loss for the year	11,240	—
Prospecting and exploration costs	21,936	247
Acquisition of interests in mineral claims	6,486	—
Increase in interest in prospecting syndicates	17,559	9,390
Term deposit receipt held by bank	9,000	—
Purchase of investments	15,423	29,674
Deposit on prospecting permit	—	12,354
	<u>81,644</u>	<u>51,665</u>
Increase (decrease) in working capital	<u>\$ 59,085</u>	<u>\$ (37,810)</u>

NAHANNI MINES LIMITED

STATEMENT OF DEFERRED PROSPECTING AND EXPLORATION EXPENSES

For the year ended December 31, 1969

	Cumulative to December 31 1968	Expended in 1969	Transfer from interest in syndicates on purchase of Artillery Lake Project in 1969	Cumulative to December 31 1969
Aircraft charter	\$ 1,272	—	—	\$ 1,272
Line cutting	2,713	—	—	2,713
Geophysical surveys	23,368	21,372	2,057	46,797
Share of hydro power project survey costs incurred in association with Calgary Power Limited	1,475	—	—	1,475
Salaries and wages	19,127	—	—	19,127
Unemployment and compensation insurance ..	1,391	—	—	1,391
Consulting fees	9,545	—	—	9,545
Travel	4,743	424	—	5,167
Licences and fees	1,859	—	—	1,859
Staking, assaying, maps, etc.	3,456	46	4,400	7,902
Equipment	289	—	—	289
Freight and haulage	9,184	—	—	9,184
Materials and supplies	9,480	24	—	9,504
Insurance	186	—	—	186
Sub-contracting development	115	—	—	115
Telephone, telegraph and sundry expenses ..	814	70	—	884
	<u>\$ 89,017</u>	<u>\$ 21,936</u>	<u>\$ 6,457</u>	<u>\$ 117,410</u>

AUDITORS' REPORT

To the Shareholders of
Nahanni Mines Limited:

We have examined the balance sheet of Nahanni Mines Limited as at December 31, 1969 and the statements of income and deficit and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.,
Chartered Accountants.

January 22, 1970.

NAHANNI MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

1. INVESTMENTS

The company held the following investments at December 31, 1969:

	Average cost
15,800 shares of Cumont Mines Limited (N.P.L.)	\$ 13,525
106,288 shares of Redstone Mines Limited, acquired partly for cash and partly for shares	27,154
	<hr/>
	\$ 40,679

The market value of the shares of Cumont Mines Limited based on quotations as at December 31, 1969 was \$9,480. As the shares of Redstone Mines Limited are not listed on a stock exchange, there is no reliable guide to market value.

2. CLAIMS AND PERMITS

During 1969 an interest in mineral claims was acquired from an associated company through the issue of 50,000 shares of capital stock for a total issue price of \$6,486. Except for 14 claims with a value of \$2,100 other claims and permits are carried in the books of the company with no assigned value.

The company holds 100% interests in 195 mineral claims, is the beneficial owner of a 50% interest in 7 oil and gas permits and a 33⅓% interest in 243 mineral claims, all of which are located in the Northwest Territories. Those claims and permits which are not owned 100% by the company are being explored with costs shared by the company and its associates in the projects in the ratio of their beneficial interests.

3. DEPOSIT ON PERMIT

In 1968 bonds having a par value of \$25,000 were deposited with the Province of Saskatchewan upon issuance of one prospecting permit in the Wollaston Lake area of that province. On December 17, 1969 the company and its associate in the project concerned surrendered their rights and interest in the permit and the deposit will be returned when the required declarations and reports are filed with the Province.

4. COMMITMENT

A promissory note for \$8,581 (representing the company's 50% interest) was deposited with the Department of Indian Affairs and Northern Development of the Government of Canada upon issuance of seven oil and gas permits in the eastern Northwest Territories. The note, which is not recorded in the company's accounts, is guaranteed by the company's bankers and is returnable on the completion of a \$17,200 work requirement by the company and its associate in the project.

5. ISSUE OF SHARES

On July 3, 1969 the company created and issued to its shareholders of record at that date subscription rights on the basis of one such right for each share then held. Two such rights entitled the holder to purchase before August 11, 1969 one share of the company at a subscription price of 40¢ per share. An aggregate of 1,377,022 were created and issued and a total of 208,497 shares were issued upon exercising of rights.

In March 1969 options held by two officers, one of whom is a director, were exercised and 110,000 shares were issued for cash.

UNAUDITEDNAHANNI MINES LIMITEDSTATEMENT OF INCOME

Six months ended June 30

	<u>1969</u>	<u>1968</u>
Income:		
Interest earned	\$ 863	\$ 629
Expenses:		
Accounting and secretarial services	3,000	3,000
Legal and audit fees	—	171
Transfer agent and registrars' fees	227	508
Licences, filing and listing fees	505	87
General	3,142	31
Advertising and public relations	30	50
	<u>6,904</u>	<u>3,847</u>
Loss for period before undernoted items	6,041	3,218
Gain on sale of securities	<u>2,271</u>	<u>—</u>
Net Loss for period	<u>\$ 3,770</u>	<u>\$ 3,218</u>

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Source of funds:		
Issue of capital stock	\$38,500	\$ —
Application of funds:		
Operations:		
Loss for the period	<u>3,770</u>	<u>3,218</u>
Prospecting and exploration costs:		
Consulting fees	—	3,000
Licences and fees	—	220
Telephone, telegraph and sundry expenses	40	—
	<u>40</u>	<u>3,220</u>
Purchases of shares in other mining companies	<u>2,036</u>	<u>12,717</u>
Participation in prospecting syndicates	<u>8</u>	<u>152</u>
	<u>5,854</u>	<u>19,307</u>
Increase (decrease) in working capital	<u>\$32,646</u>	<u>(\$19,307)</u>

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NAHANNI

MINES LIMITED

INTERIM REPORT**August - 1969**

Suite 915 - 25 Adelaide Street East - Toronto 210, Canada

REPORT TO SHAREHOLDERS

The directors are pleased to send you statements of income and source and application of funds for the six months ended June 30, 1969.

Since you received the 1968 annual report, dated June 12, 1969, and the "Report to Shareholders" dated July 11, 1969, there have been some developments of significance.

Artillery Lake Nickel Area

Nahanni owns 100% interest in 400 claims (20,000 acres) in this active exploration area in the Northwest Territories. An airborne geophysical survey has recently been completed over the company's ground. This has indicated a double electromagnetic anomaly with a strike length of 5,000 feet. Exploration crews moved to the property last week to commence geological and geophysical surveys to assess the importance of this anomaly.

The Nahanni block adjoins to the west properties owned by Newmont Mining Company and Jorex Limited.

Wollaston Lake Uranium Area

Wollaston Lake is one of the most active exploration districts in Canada this season. Nahanni owns a 50% interest in a 300-square mile permit while the remaining interest is owned by More Mines Limited. A study is now being made to determine which survey methods would be most suitable to explore the North Rim Permit. It is expected that ground exploration will commence here in the very near future.

Prince Charles Syndicate (Oil and Gas)

Your company has acquired an interest in oil and gas lands situated in the eastern section of the Canadian Arctic. The directors undertook this in the belief that should oil be found in the Hudson Bay region or further north, it will find ready markets in North America due to the area's proximity to major eastern centres of Canada and the United States.

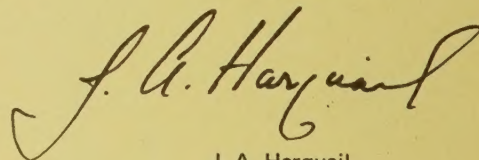
Nahanni has purchased 50% interest in the Prince Charles Syndicate which acquired four parcels of land (total of 343,232 acres) in the Foxe Basin area off the south-west coast of Baffin Island. These are off-shore parcels and all are in good legal standing until July 17, 1972.

More than five million acres have been acquired in this district. Among the major land holders are United Canso Oil and Gas Limited and Jefferson Lake Petrochemicals of Canada Limited.

* * *

Shareholders are reminded that the rights offering expires at 4:00 p.m., Eastern Daylight Saving Time, on August 11, 1969. Warrants which have not been exercised by that time will be of no value. Those wishing to subscribe for shares should contact the Guaranty Trust Company of Canada, 88 University Avenue, Toronto, by August 11.

Yours very truly,



J. A. Harquail
President

August 6, 1969